

## Pension insurance

If the company you work for has established pension or profit-sharing programs for your retirement, a new Federal Government corporation has been set up to protect you if the fund goes broke. The new agency, which was mandated under the Employee Retirement Income Security Act of 1974 [CONSUMER NEWS: Sept. 15, 1974], is **Pension Benefit Guaranty Corp. (PBGC)**. PBGC insures the pensions of approximately 23 million workers by guaranteeing certain normal retirement age benefits, early retirement benefits, disability benefits & death benefits according to guidelines it has established [CONSUMER REGISTER this issue].

Here's how PBGC works:

- To be covered by "plan termination insurance," employers whose pension plans come under PBGC's authority must pay PBGC premiums for each participant in the plan. Presently, premium rates are \$1 for each participant a year if the employer has an individual plan & 50¢ if the employer is participating in a multi-employer (union sponsored) plan.

- If the plan goes bankrupt or does not have enough assets to pay benefits, PBGC will pay the benefits to "vested" participants. "Vesting" occurs under a pension plan on the day when the participant is given irrevocable right to a future pension even if he leaves his job before retirement age.

- PBGC, however, only guarantees benefits up to a maximum limit. Generally, for plans that have been in effect for 5 years when they terminate, PBGC will pay benefits up to \$750 per person a month. If the plan was in effect less than 5 years, the amount PBGC pays is less.

- In addition to insuring pension benefits, PBGC can also order the appointment of a trustee for a plan that appears to be financially unsound. After a trustee has been appointed, the plan can either be liquidated & the assets distributed to the participants, or it can continue in existence under the administration of the trustee.

PBGC will also assist consumers who are interested in establishing individual retirement accounts (IRAs) & other individual plans, or consumers who have questions about their pension program. If you need this help, contact the Office of Communications, Pension Benefit Guaranty Corp., P.O. Box 7119, Washington, DC 20004.

## Warning!

- **RAW DISH—Center for Disease Control (CDC)** has issued a report that concludes that raw fish delicacies, which are gaining in popularity in this country, should be considered a potential health hazard. According to CDC, many species of salt water fish—such as sashimi, herring, ceviche & gravlax—contain a parasite called "Anisakian Larvae." Parasite is quickly killed by cooking at normal temperatures or by freezing.

# consumer news

DEPARTMENT OF HEALTH, EDUCATION & WELFARE

Office of Consumer Affairs

Virginia H. Knauer, Director

Vol. 5, No. 21, Nov. 1, 1975

## Agency stamps regulations on mail order firms

**Federal Trade Commission (FTC)** has taken steps to give consumers new rights when buying goods by mail. After several years of investigating consumer problems with mail orders, FTC has issued a trade regulation rule requiring mail order firms to fill orders within 30 days or offer consumers their money back. At the same time, FTC has issued a complaint against several mail order companies that sell ex-taxis (for consumer use as a regular car) & sell other items. Complaint alleges non-shipment of merchandise or deliverance of faulty products.

FTC's rule is in response to the increasing number of complaints that agencies such as **FTC & Office of Consumer Affairs (OCA)** receive from consumers — problems such as delivery dates not being met or nondelivery of the merchandise. To resolve these consumer problems, the rule will require mail companies to:

- Notify the consumer within 30 days after receiving an order if there will be a delay & the merchandise will not be shipped within the stated time.

- Give consumers the option, if the delivery date cannot be met, to cancel. If there is no reply from the consumer, then the company can assume that the consumer has consented to the delay. However, this only applies for an additional 30 days — for a total of 60 days. For delays beyond this point, the consumer must give his consent in writing.

- Provide consumers with an adequate cost-free means to notify the firm of a cancellation, such as a postage-paid card.

- Refund the consumer's money if he or she requests it. Under the rule, companies will be permitted one billing cycle to adjust a charge to a credit account & 7 days to refund the money where the consumer has paid by cash, check or money order.

The new FTC rule, which will go into effect Feb. 2, 1976, is limited to merchandise & does not cover "services connected with merchandise" (such as mail order photo finishing). Also excluded from coverage under the rule are: (1) magazines & other serial deliveries — such as **CONSUMER NEWS**, (2) seeds & growing plants & (3) orders made on a collect-on-delivery (COD) basis. In addition to the new rule, **Postal Service (PS)** will continue to handle consumer complaints about mail orders & will work with FTC on resolving mail order problems under the new FTC regulation.

FTC's complaint against the mail order companies alleges that these firms — **Jay Norris Corp.**, **Federated Nationwide Wholesalers Service**, **Garydean Corp.**, **P-N Publishing Co. Inc.** & **Pan-Am Car Distributors Corp.**, — among other things, delivered cars to consumers that were not in good condition & then refused to refund the buyer's money. FTC has issued a proposed consent order that would prohibit these companies from engaging in deceptive practices & from making any unsubstantiated claims about their products in advertising.

According to FTC, a consent order is for settlement purposes only & does not mean an admission by the company involved that it violated the law. FTC says it issues a complaint when it has "reason to believe" that the law has been violated. This begins a formal proceeding where the complaint is decided upon after a public hearing.

## Mortgage aid

New directives issued by **Housing & Urban Development Dept. (HUD)** will help those consumers with Federal insured mortgages who, because of difficult financial situations — unemployment, rising utility bills, inflation in general — are having trouble making their monthly mortgage payments. Under new procedures that went into effect Oct. 4, lenders will not be able to start foreclosure proceedings until a homeowner is 3 full months behind in payments. Before that, the lender must try to set up a meeting with the homeowner to see if some payment schedule can be arranged that the consumer can better manage.

The new HUD directive also requires that:

- Lender permit reinstatement of the mortgage even after foreclosure has begun if the homeowner can bring his payments up-to-date, including the payment of legal fees.

- When the consumer becomes delinquent in making his payments, the mortgage company must send him a delinquency notice & information booklet published by HUD, which explains available remedies.

- Mortgage company or lender accept collect calls from homeowners living outside the metropolitan area where the company is located so that the consumer can readily explain his or her problem & receive advice & assistance.

In addition to these requirements for lenders, HUD plans to establish a Mortgage Review Board that will have authority to take actions against **Federal Housing Administration (FHA)** approved mortgage companies if there are substantiated complaints about their practices. HUD has also established a nationwide system of spot-checking information on FHA mortgage applications—concerning employment, bank deposits & credit references — to insure that mortgage companies are processing this information correctly.

## Land sales

**Federal Trade Commission (FTC)** announced that it has issued a complaint against Cavanagh Corp. for allegedly using unfair & deceptive practices—such as representing that lots have investment value when they actually do not—to sell land to consumers. Lots involved are in Palm Beach Country Estates & Palm Beach Heights in Palm Beach County, FL; Paradise Hills in Lake County, FL; Perido Bay Country Club Estates in Escambia County, FL; Rotonda subdivisions in Charlotte County, FL; & Twin Lakes Country Club & Estates in Cochise County, AZ.

For further information about the lots & practices involved, contact the Federal Trade Commission, Washington, DC 20580.

## Programs to help homeowners

**Housing & Urban Development Dept. (HUD)** has recently taken actions to aid consumers who want to buy or renovate a house.

### Mortgage subsidy

To help families now priced out of the new home market because of high interest rates & escalated housing costs, HUD has reactivated a program to subsidize mortgages for low & moderate income consumers. Called the Section 235 Program, it is expected to contribute to the purchase of over 250,000 new homes by using \$264.1 million in the next 2 years from funds already authorized by Congress. The program was discontinued in January 1973 but has been revised to spur construction & rehabilitation of single-family homes.

The subsidy program will work as follows:

- Consumers can qualify for mortgage subsidy if their income is no greater than 80% of the median income (where half of the population is above & half below this figure) for the area in which they live. HUD computes the median income for each "standard metropolitan statistical area" in the country. Using HUD's figures, then, if the median income for an area is \$10,000, consumers could qualify for mortgage subsidies if they earn \$8,000 or less.

- To get a subsidy, the mortgage for a new home must not exceed \$21,600 or \$25,800 for a family of 5 or more. In high cost areas, such as metropolitan New York, the mortgage limits can go to \$25,200 for a small family or \$28,800 for a family of 5 or more.

- Homeowner must also make a downpayment of at least 3% of the first \$25,000 plus 10% of any additional amount of the purchase price & must pay any closing costs, points & other charges associated with the settlement.

- Once the consumer has met these qualifications, HUD will make direct cash subsidy payments on behalf of the homeowner to reduce mortgage interest costs to as low as 5%. However, HUD requires the homeowner to pay at least 20% of his income for monthly mortgage payments, insurance & taxes.

HUD has limited its new program to 30% of the housing in any subdivision, but most kinds of homes will be covered: single-family detached houses, townhouses, condominiums & cooperatives. Subsidies are not available on houses for which consumers already have a mortgage.

### Homesteading program

To give low-income consumers the chance to own a house that they rehabilitate themselves, HUD has started an experiment in "urban homesteading" by making available to 22 cities the houses that HUD owns (because of urban renewal or mortgage default) & \$5 million in rehabilitation loans.

Under the program authorized by the Housing & Community Development Act of 1974, HUD will transfer the houses to the local governments in the selected communities, which, in turn, will give the houses conditionally to a consumer or family to be "homesteaded." To qualify as a "homesteader" — & get title to the house—consumers must meet these conditions:

- Agree to occupy the property for at least 3 years.
- Make the needed repairs before moving in (within 18 months).
- Rehabilitate the property so that it meets local housing standards.

Cities in experimental program are Oakland, CA; Wilmington, DE; Atlanta & Decatur, GA; Chicago & Rockford, IL; Gary, Indianapolis & South Bend, IN; Baltimore, MD; Boston, MA; Minneapolis, MN; Kansas City, MO; Jersey City, NJ; Islip & New York, NY; Cincinnati & Columbus, OH; Philadelphia, PA; Dallas, TX; Tacoma, WA; Milwaukee, WI.

For more information on how you can become a homesteader or get a mortgage subsidy, contact Office of Public Affairs, Housing & Urban Development Dept., Washington, DC 20410; or call 202-755-5277.

## Lead in foods

As the result of a study, **Food & Drug Administration (FDA)** is giving increased priority to its regulatory program to reduce lead levels in canned food.

FDA surveyed levels of lead, cadmium & zinc—all naturally present in nature & found in most foods to some extent—in raw & processed foods & found that while these heavy metals do not pose a hazard to the American public, the amount of lead that children absorb in eating & from other sources combined could be a potential problem. According to FDA, children absorb greater amounts of lead from food than adults.

The new regulatory program to be developed by FDA will be aimed at reducing further lead concentrations in canned food, which according to the FDA study, contained the largest levels. Program will concentrate on:

- Decreasing the amount of lead in baby & infant food. The study found that baby orange juice had the highest lead levels with apple juice, applesauce & peaches coming next. Vegetables & beef & mixed vegetables had the lowest levels. FDA will monitor the activities of the baby food industry to bring these lead levels down further.
- Reducing the amount of lead in canned foods for children. As part of this program, FDA has already proposed new restrictions on the amount of lead permitted in evaporated milk. (CONSUMER REGISTER: Jan. 1, 1975).
- Limiting lead levels in canned food intended for adults but frequently eaten by children, such as canned tomatoes, beans, peas & peaches, which had the highest lead concentrations for adult food in the FDA study.

FDA says it will also work with the **Environmental Protection Agency (EPA) & Agriculture Dept.** to determine whether lead levels on raw fruits & vegetables resulting from pesticide uses can be reduced.

## Christmas lights: new safety program

**Consumer Product Safety Commission (CPSC)** is sending consumer deputies (volunteers trained in certain areas of consumer safety) to stores across the country to teach retailers how to check Christmas lights for safety problems. Working under the Consumer Product Safety Act, which requires manufacturers to correct safety defects, CPSC has contacted the major importers of these lights (most are made in Taiwan) & has told them what problems must be fixed. According to CPSC, manufacturers are now taking corrective steps.

However, to insure that the lights you use this year are safe, CPSC says look for & discontinue using any lights with these characteristics: cracked sockets, loose add-on connectors (where you can attach an extra section of lights), exposed bare wires, exposed bulb contact wires (these are fine filaments in the socket that can extend above the bulb) & exposed socket contacts (these are wires extending from a socket when you remove the bulb).

For more information on Christmas safety, CPSC has published *Fact Sheet #40: Christmas Decorations*, which you can get free by writing Consumer Product Safety Commission, Product Safety Information Division, Washington, DC 20207, or by calling the toll-free hotline: 800-638-2666 (Maryland only: 800-492-2937).

## In black & white

If you want to know who does what in the Federal Government, consult the 1975-76 *US Government Manual*. The 831-page guide explains the offices & agencies of the Government — in living black & white. To get a copy of the manual, send \$6.50 to Supt. of Documents, Government Printing Office, Washington, DC 20402.

## FTC takes action

**Federal Trade Commission (FTC)** is suing the 6 largest cigarette manufacturers for allegedly violating consent orders they signed requiring them to disclose health warnings in all cigarette advertising.

FTC complaint charges Lorillard; Phillip Morris Inc.; American Brands Inc.; Brown & Williamson Tobacco Corp.; R.J. Reynolds Tobacco Co. Inc.; Liggett & Myers Inc. with failing to disclose any health warning in numerous cigarette advertisements appearing on point-of-sale materials, such as vending machines, counter racks & store signs. In addition, FTC has charged that in magazine & newspaper ads, these companies have not printed the required statement, "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous To Your Health," in the precise type style, type size & location prescribed by the orders.

FTC's suit against the companies seeks monetary penalties of up to \$10,000 for each advertisement in violation of the consent orders & also proposes the creation of a trust fund to pay for ads that will warn consumers of the health hazards associated with smoking. **Justice Dept.** filed the suit on behalf of FTC in the U.S. District Court for the District of Columbia.

In other FTC action: Safeway Stores Inc., the nation's largest supermarket chain, has been charged by the **Federal Trade Commission (FTC)** with allegedly overcharging its customers on advertised specials. FTC has issued a proposed order that would require Safeway to:

- Mark its advertised products with the advertised price & sell these products to consumers at either the advertised price or below.
- Post at store entrances & check-out counters a copy of the ad & a statement requesting that consumers check marked prices against advertised prices.

**Federal Trade Commission (FTC)** has issued an order that would prohibit Chrysler Corp. from making false mileage claims about its cars. Order results from a complaint alleging that Chrysler falsely advertised that *Popular Science* magazine has reported that all Chrysler cars were superior in gas mileage to all Chevrolet Novas. In reality, said FTC, only the Plymouth Valiant & Dodge Dart with 6 cylinder engines got better gas mileage; both 6 & 8 cylinder Chevrolet Novas were superior in gas mileage to Chrysler small cars with 8 cylinder engines.

## DST ends

When you set your clocks back an hour on Oct. 26, 8 months of daylight saving time (DST) ended, perhaps for good. Unless Congress acts, the nation will return in April to its usual pattern of 6 months of DST & 6 months off.



## Recalls

• **MEAT SUBSTITUTES—Food & Drug Administration (FDA)** announces recall of all lots & codes of Wheat Gems & Wheat Burger meat substitutes. Manufactured by Bass Memorial Academy Foods (or BMA Foods), Lumberton, MS. It is estimated that 500 to 750 cases—each containing 12 15½ oz. (434 grams) cans—remain on the market. Distribution was nationwide & in Canada. Reason for recall: bacterial contamination due to underprocessing.

• **PUERTO RICAN FOODS—Food & Drug Administration (FDA)** announces recall of all lots of the following products manufactured before June 4, 1975: (a) Cooked Red Kidney Beans, 16 oz. & 11 oz. cans (448 grams & 308 grams); (b) Cooked Pink Beans, 16 oz. & 11 oz. cans; (c) Cooked White Beans, 16 oz. cans; (d) Rice with Shrimp, 10 oz. cans (280 grams); (e) Rice with Codfish, 16 oz. cans; (f) Rice with Crabmeat & Coconut Milk, 16 oz. cans; (g) Turtle Meat Stew, 16 oz. cans; (h) Crabmeat in Sauce, 7.1 oz. cans (199 grams); (i) Crabmeat Gumbo, 16 oz. cans; (j) Lobster Gumbo, 16 oz. cans; (k) Shrimp Gumbo, 16 oz. cans; (l) Carrucho Gumbo, 16 oz. cans; (m) Breadfruit, 16 oz. cans. Manufactured by Puerto Rico Food Products Corp., Bayamon, PR. Distribution was national & international—estimated amount on market is unknown. Reason for recall: Products received insufficient heat during canning process to assure safety.

## Try a carpool savings account

Table below shows estimated savings for carpool riders. Depending on the distance you commute, what size car is used & how many comprise the carpool, you can reduce your commuting costs by a few hundred dollars to over a thousand dollars. The out-of-pocket money you save can go into a savings account, be used for installment payments or used to extend the budget.

HOME TO WORK	ANNUAL ROUND TRIP COSTS AND SAVINGS	SUBCOMPACT (PINTO, DATSUN, VEGA, VW, COLT)	COMPACT (NOVA, DART, MAVERICK, PACER)	STANDARD (MATADOR, CUTLASS, LTD, CAPRICE)
10 MILES (16 kilometers) (20 MILES ROUND TRIP)	<b>COST OF DRIVING TO WORK ALONE</b>			
	GASOLINE AND OIL	\$128	\$176	\$234
	MAINTENANCE AND REPAIR	97	109	130
	PARKING	145	145	145
	INSURANCE	166	176	189
	DEPRECIATION	110	143	250
	TOTAL	\$646	\$749	\$948
	<b>SAVINGS PER PERSON IN A:</b>			
	2-PERSON CARPOOL	\$281	\$332	\$427
	3-PERSON CARPOOL	361	427	553
15 MILES (24 kms) (30 MILES ROUND TRIP)	<b>COST OF DRIVING TO WORK ALONE</b>			
	GASOLINE AND OIL	\$193	\$264	\$352
	MAINTENANCE AND REPAIR	145	164	195
	PARKING	145	145	145
	INSURANCE	166	176	189
	DEPRECIATION	166	215	374
	TOTAL	\$815	\$964	\$1,255
	<b>SAVINGS PER PERSON IN A:</b>			
	2-PERSON CARPOOL	\$366	\$438	\$581
	3-PERSON CARPOOL	473	569	758
20 MILES (32 kms) (40 MILES ROUND TRIP)	<b>COST OF DRIVING TO WORK ALONE</b>			
	GASOLINE AND OIL	\$257	\$352	\$468
	MAINTENANCE AND REPAIR	193	218	260
	PARKING	145	145	145
	INSURANCE	166	176	189
	DEPRECIATION	221	286	499
	TOTAL	\$982	\$1,177	\$1,561
	<b>SAVINGS PER PERSON IN A:</b>			
	2-PERSON CARPOOL	\$449	\$545	\$734
	3-PERSON CARPOOL	585	712	963

Federal Highway Administration's (FHWA) figures are for round-trip expenses & savings.

CONSUMER NEWS is published the 1st & 15th of each month by the Office of Consumer Affairs, Health, Education & Welfare Dept., to report Federal Government programs for consumers. Use of funds for printing this publication approved by the Director of the Office of Management & Budget, June 27, 1973. Authorization to reproduce any or all items is granted. Editorial address is CONSUMER NEWS, Office of Consumer Affairs, Washington, DC 20201 (telephone: 202-245-6877); Ed Riner, Editor; Nancy Glick, Acting Managing Editor. Sold by Consumer Information, Pueblo, CO 81009; subscription \$4 a year, payable to "Supt. of Documents." Send address change to Supt. of Documents, Government Printing Office, Washington, DC 20402.

U. S. GOVERNMENT PRINTING OFFICE: 1975-584-719-31  
DHEW PUBLICATION NO. (OS) 75-108

DEPARTMENT OF  
HEALTH, EDUCATION AND WELFARE  
OFFICE OF CONSUMER AFFAIRS  
WASHINGTON, D.C. 20201

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE. \$300

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF H.E.W.  
391

First Class



Consumer News: Nov. 1

CNEW SERIA300S  
SERIALS DEPT  
XEROX/UNIV MICROFILMS  
300 N ZEEB RD  
ANN ARBOR MI 48106

